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OF SOUTH-SOUTH COOPERATION
31 July-4 August 1995

Report of the Intergovernmental Meeting of Experts on South-South Cooperation

Rapporteur: Ms. Soledad BERNUY (Peru)

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PART ONE

I. INTRODUCTION

Opening of the meeting, election of officers and organization of work

1. Pursuant to General Assembly resolution 49/96 of 19 December 1994, the Intergovernmental Meeting of Experts on South-South Cooperation was convened in New York from 31 July to 4 August 1995. In the course of its session, it held four formal plenary meetings and seven informal meetings.

Introductory statements

2. The meeting was opened on behalf of the Secretary-General by the Associate Administrator of the United Nations Development Programme (UNDP), Mr. Rafeeuddin Ahmed.

3. Mr. Sid Ali Ketrandji, Director, Economic Relations, Ministry of Foreign Affairs of Algeria, was elected Chairman of the Intergovernmental Meeting by acclamation.

4. The following officers were also elected by acclamation:

Vice Chairmen: Mr. J. S. Mukul (India)
Mr. Antoine de Jong (Netherlands)
Prof. Nikolai N. Liventsev (Russian Federation)

Rapporteur: Ms. Soledad Bernuy (Peru)

5. The meeting adopted its agenda and programme of work as contained in document A/AC.246/L.1.

6. The Chairman said that a major objective of the meeting was to identify elements for action for expanding South-South cooperation on a global scale with a view to complementing North-South cooperation. In accordance with General Assembly resolution 49/96 of 19 December 1994, the outcome of the meeting would provide substantive inputs to the report of the Secretary-General at the fiftieth session of the General Assembly entitled "State of South-South cooperation", keeping in view the proposal to convene a United Nations conference on South-South cooperation.

7. He identified two principal tasks before the meeting: first, to draw lessons from past experience with South-South cooperation, taking into account the dynamic changes taking place in the world economy; and second, to formulate practical recommendations, thus making a substantive contribution towards the proposed United Nations conference on South-South cooperation. He referred to the substantive reports prepared by the Secretariat to assist in the work of the meeting (A/AC.246/1 and A/AC.246/2) as well as to the outcomes of the third session of the UNCTAD Standing Committee on Economic Cooperation among Developing Countries (ECDC) and the ninth session of the High-level Committee on

the Review of Technical Cooperation among Developing Countries, which, according to resolution 49/96, needed to be taken into account by the meeting.

8. The Representative of the Secretary-General and Associate Administrator of UNDP said that General Assembly resolution 49/96, which called for convening of the current meeting, was an important manifestation of the revival of interest in South-South cooperation. That resurgence of interest was also evidenced by the more than 30 initiatives in 1995 alone. Further, there was also growing support of the developed countries for South-South cooperation. A major task of the meeting was to generate new ideas to take full advantage of the potential of South-South cooperation against the backdrop of fundamental changes in international economic relations, particularly globalization and liberalization.

9. While some developing countries had been able to take advantage of the changing global circumstances, most had not. However, these differences in experience themselves stimulated interest in South-South cooperation. In the past, South-South cooperation had been at its most dynamic during periods of economic success, and declining economic circumstances in many developing countries made such cooperation difficult. However, prospects of South-South cooperation had improved in recent years, and developing countries had to build on the momentum that had been generated by intensifying cooperation in a number of strategic areas.

10. Cooperation among developing countries should not be confined to economic issues alone. He said that social, political and technical cooperation was also required. Recent global conferences, which dealt with social, environmental and other related issues, explicitly identified South-South cooperation as an important modality for implementing their outcomes.

11. The present meeting would make a significant contribution to strengthening South-South cooperation if it led to practical recommendations and imaginative approaches. At the regional level, exchanges among regional organizations needed to be fully exploited. At the international level, support for initiatives was needed from the United Nations system, including support mechanisms within UNDP/TCDC and UNCTAD/ECDC as well as from the developed countries in triangular cooperation.

II. ATTENDANCE

12. The following States Members of the United Nations were represented at the meeting:

Afghanistan
Algeria
Argentina
Austria
Bangladesh
Benin
Bolivia
Brazil
Burkina Faso
Cambodia
Cape Verde
Chile
China
Colombia
Costa Rica
Cuba
Democratic People's Republic of Korea
Ecuador
Egypt
El Salvador
Ethiopia
France
Germany
Greece
Guinea
Guyana

Haiti
Honduras
India
Indonesia
Iran (Islamic Republic of)
Italy
Jamaica
Japan
Kenya
Lebanon
Lesotho
Madagascar
Malaysia
Maldives
Mexico
Morocco
Myanmar
Nepal
Netherlands
Nicaragua
Nigeria
Pakistan
Panama
Paraguay
Peru
Philippines
Portugal
Republic of Korea
Russian Federation
Saint Lucia
Saint Vincent and the Grenadines
Saudi Arabia
Solomon Islands
South Africa
Spain
Sri Lanka
Sudan
Suriname
Syrian Arab Republic
Thailand
Togo
Trinidad and Tobago
Tunisia
Turkey
Uganda
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
Venezuela
Viet Nam
Yemen
Zambia
Zimbabwe

13. In addition, the representative of the Observer State of the Holy See to the United Nations attended the meeting.

14. Members of the Department for Policy Coordination and Sustainable Development of the United Nations Secretariat participated in the proceedings of the meeting.

15. The following regional commissions were represented:

Economic Commission for Africa
Economic and Social Commission for Asia and the Pacific

16. The following intergovernmental organizations, which have received a standing invitation to participate in the meetings and work of the General Assembly, were represented at the meeting:

African Development Bank
Asian and Pacific Centre for Transfer of Technology
Caribbean Community Secretariat
Common Market for Eastern and Southern Africa
Latin American Economic System
Organization of African Unity
Organization of the Islamic Conference
South Asian Association for Regional Cooperation
South Centre
South Investment Trade and Technology Data Exchange Centre

III. SUBSTANTIVE ISSUES

Review of the status of South-South cooperation and the emerging issues (agenda item 4); and expanding South-South cooperation: substantive issues and practical modalities (agenda item 5)

17. For its consideration of these items, the Intergovernmental Meeting of Experts had before it the following documentation:

(a) "Status of South-South cooperation and the emerging issues" (A/AC.246/1);

(b) "Expanding South-South cooperation: some suggested issues and modalities" (A/AC.246/2).

18. In addition, the meeting had before it the following background documents:

(a) "Report of the High-level Committee on the Review of Technical Cooperation among Developing Countries on the work of its ninth session" (A/50/39);

(b) "Report of the UNCTAD Standing Committee on Economic Cooperation among Developing Countries on its third session" (TD/B/42(1)/7, TD/B/CN.3/16).

General statements

19. Introducing the substantive items before the meeting, the Director of the Division for Economic Cooperation among Developing Countries and Special Programmes of the United Nations Conference on Trade and Development (UNCTAD) said that the Intergovernmental Meeting was the result of excellent cooperation between the Division for ECDC and Special Programmes of UNCTAD and the Special Unit for TCDC. Such coordination was necessary not only within the United Nations system but also at national and regional levels. She noted that the meeting was fortunate to have national experts in South-South cooperation. She recalled the generous support provided by the Government of Japan, which enabled a number of representatives to attend the meeting.

20. She referred to two substantive reports prepared by UNCTAD under agenda items 4 and 5. On item 4, the report entitled "Status of South-South cooperation and emerging issues" (A/AC.246/1) provided factual information on the situation relating to South-South cooperation and reviewed a number of major issues, problems and perspectives relating to such cooperation. Recent resurgence of interest in South-South cooperation, which not only committed regional partners but also countries in different regions and at different levels of development, was indicative of the validity of economic cooperation among developing countries as an important strategy for growth and development. For low-income countries, however, the implications of the integration process went beyond the confines of trade policy. A number of obstacles, such as inadequate institutional arrangements and infrastructure coupled with policies that discouraged investment and production, constrained expansion and diversification of South-South trade.

21. The increased interest of developing countries in South-South cooperation presented both opportunities and challenges in the present context of globalization and liberalization. South-South cooperation based on open and flexible regionalism could be a useful approach in this context. Past experiences pointed to a number of factors affecting the success of South-South cooperation arrangements, such as economic complementarity; geographic conditions and proximity; similarity of historic and cultural contexts; political commitment, macro-stability; and strong institutions.

22. As regards item 5, the report entitled "Expanding South-South cooperation: some suggested issues and modalities" (A/AC.246/2) identified constraints and strategies. She summarized the major conclusions and recommendations in the following areas: communication and technology; global system of trade preference; services sector development; collaboration in production and investment; cooperation concerning capital market; and the adequacy of extended support.

23. The Director of the Special Unit for Technical Cooperation among Developing Countries, UNDP, said that in the light of the processes of globalization and economic liberalization, the intensification of South-South cooperation has become a major imperative both as a development strategy and as a means for ensuring the effective and equitable integration of the developing countries in the new global order. These processes underlined the significance of this meeting. He also expressed appreciation to the Government of Japan for the financial support which made it possible for a number of experts to participate in this event.

24. In response to General Assembly resolution 49/96, the Special Unit for Technical Cooperation among Developing Countries, UNDP, had prepared a document entitled "New directions for TCDC" (TCDC/9/3) for consideration by the High-level Committee on the Review of Technical Cooperation among Developing Countries. It proposed that TCDC should be reoriented to focus on strategic initiatives that would have a major development impact on a large number of developing countries and, in the future, TCDC should focus on major issues such as trade and investment, debt, environment, poverty alleviation, production and employment as well as macroeconomic coordination and management. A central element of the "New directions" report was the emphasis on the forgoing of increased operational linkages between TCDC and ECDC. That approach would enable TCDC to serve as a critical instrument in the service of broader economic cooperation schemes among developing countries.

25. The ninth session of the High-level Committee endorsed the recommendations of the "New directions" report. The Committee also invited the Administrator of UNDP to ensure that the Special Unit for TCDC plays an active role within the United Nations system in an effort to expand the application of TCDC and effectively implement the "New directions" strategy. Subsequently, the Executive Board of UNDP, at its session in June 1995, agreed to increase the allocation for TCDC during the next UNDP programme cycle, which provided an expanded financial capability to the Special Unit for TCDC and would facilitate the achievement of the objectives envisaged in the "New directions" strategy.

26. Speaking on behalf of the European Union (EU), the representative of Spain said that EU believed that South-South cooperation should be a dynamic instrument in development and a means of ensuring that developing countries participate fully in international economic relations. Political will was crucial for that process. Referring to TCDC, she stressed the need for greater flexibility and new initiatives. The recommendations of the High-level Committee were found to be encouraging. With ECDC, much remained to be done. In certain cases, rationalization and simplification of arrangements were needed to avoid unnecessary duplication. She also emphasized the need for greater interregional cooperation, such as the Bandung Conference of 1994. Adequate institutional arrangements were critical to the success of South-South cooperation. She said that the private sector and non-governmental organizations needed to be expanded. The United Nations system can play an important role in fostering South-South cooperation, taking into account national and regional priorities. Expansion of South-South cooperation required adequate funding, and the international community should support developing country initiatives in that area. She recounted various initiatives by EU in the context of South-South cooperation and assured full support of her group in promoting such cooperation.

27. Speaking on behalf of the Group of 77 and China, the representative of the Philippines said that there should be no doubt about the importance that the Group of 77 attached to enhancing and revitalizing South-South cooperation. The Group viewed South-South cooperation as an integral part of international development cooperation and a catalyst for the promotion of international economic growth and development as well as a means in itself to utilize the potential offered by such growth. South-South cooperation was thus an important means for promoting the development of developing countries, which, in turn, was a key objective of the United Nations. Moreover, in the light of the dramatic changes in the international economic and political environment, brought about by globalization and deepening interdependence among economies as well as the end of the cold war, South-South cooperation gained greater validity. Those changes offered new challenges and opportunities for expanding such cooperation, which could be best exploited if a flexible and evolutionary approach towards South-South cooperation was taken.

28. He emphasized that South-South cooperation was not a substitute for North-South cooperation and should, in fact, be viewed as a complement to it. Hence, South-South cooperation could be of significant benefit for the international community as a whole, including developed countries, and that global cooperation could be brought about by the increasing role of developing countries in the world economy.

29. Aside from the phenomenon of globalization, other approaches which could be explored included more innovative forms of cooperation among developing countries, taking into account their respective development experiences; the growing trend of both developing and developed countries towards greater regional economic cooperation and integration and the steady growth in inter-developing country trade which has been rising steadily since the mid-1980s. Technological and scientific advances, including in the information and communications field, could be examined with a view to considering how such advances could contribute to or encourage South-South cooperation. Recent

United Nations conferences on development also provided various possibilities for South-South cooperation, especially in terms of implementation of some of their agreed measures.

30. He hoped that the experts, when considering modalities for expanding South-South cooperation, would take into account the lessons and experiences gained in this endeavour since the formal launching of South-South cooperation. These included the need to avoid duplication and cumbersome arrangements. Improving the machinery for South-South cooperation at the national, regional and global levels also deserved to be considered in depth. Another key issue was how to promote international support for South-South cooperation, including identification of how to maximize the role of the United Nations system and its machinery, and other international organizations, in promoting such cooperation. Recommendations on this particular aspect could be considered at an international conference on South-South cooperation.

31. The representative of Japan said that with the end of the cold war, a new international situation had arisen in which socio-economic problems, such as poverty and environmental degradation, were increasingly recognized as threats to world peace and stability. Under those changing circumstances, it was imperative that serious attention be given to the formulation of a new, comprehensive strategy for development. In formulating the new strategy for development, it was important that a differential approach to development be taken. South-South cooperation represented a new frontier in development cooperation and should be fully supported by the international community. His country believed that a triangular relationship of close cooperation among relatively advanced developing countries, other developing countries and traditional donor countries should be encouraged in the context of establishing a new, comprehensive strategy for development.

32. He reviewed experiences of Japan in promoting South-South cooperation and said that, building upon those experiences, Japan would continue to engage in cooperation efforts that encouraged constructive partnerships between donors and recipients based on a realistic appraisal of the state of development of each country concerned. From that point of view, Japan welcomed the decision taken at the 1995 annual meeting of the UNDP Executive Board to increase the allocation of funding to TCDC activities. Further serious attention needed to be given to the funding mechanism in order to encourage international organizations, particularly those within the United Nations system, to promote South-South cooperation around the globe. Japan, for its part, intended to continue its funding of various South-South cooperation projects and programmes. He hoped that other donors, as well as developing countries with sufficient means and capability, would do the same.

33. As regards global institutions for South-South cooperation, he was of the view that it was premature at this stage to discuss the function and role of such institutions. Rather, South-South cooperation could be expanded most effectively through the revitalization of existing institutional mechanisms and those new initiatives that had been taken, such as the Asia-Africa Forum.

IV. INTRODUCTION AND ADOPTION OF THE REPORT

34. The Chairman introduced the Chairman's summary and conclusions (A/AC.246/L.2/Add.1/Rev.2 (annex I)) of the report. He stated that the report was a synthesis of the ideas expressed and added that he had been guided by the need to be coherent and to avoid repetitions. The Chairman further stated that he took full responsibility for the text. He called upon the meeting to adopt the report as a whole.

35. The Rapporteur formally presented the report of the meeting contained in documents A/AC.246/L.2 and A/AC.246/L.2/Add.1/Rev.2.

36. One delegate suggested that the Chairman's summary and conclusions should refer explicitly to each of the United Nations departments responsible for South-South cooperation. Another delegate said that the text should have reflected the view that external support for South-South cooperation should be unconditional and without discrimination. Some delegates suggested that more emphasis should have been given in the text to regional cooperation arrangements and instruments, as well as to the role of regional organizations. Some delegates expressed the view that the consensus United Nations expressions should be used instead of certain terms that appeared in the Chairman's text, while others felt that a few elements in the text were not relevant to South-South cooperation. The Chairman said that appropriate changes would be made in the text.

37. The meeting then proceeded to adopt the report contained in documents A/AC.246/L.2 and A/AC.246/L.2/Add.1/Rev.2.

V. CONCLUDING STATEMENTS

38. Speaking on behalf of the European Union (EU), the representative of Spain welcomed the summary and conclusions of the Chairman. With respect to references in the Chairman's summary recommending the convening of an international conference on South-South cooperation, she stated that EU had strong and serious reservations about the convening of such a conference and reiterated EU's position that the General Assembly of the United Nations was the most appropriate forum for discussions regarding South-South cooperation.

39. Speaking on behalf of the Group of 77 and China, the representative of the Philippines welcomed the report of the meeting and thanked the Chairman and the Bureau for their efforts to synthesize the debate. Noting that it was evident from the summary and debate that there were many opportunities for improving South-South cooperation, he also felt that it would have been desirable had more of the views expressed during the informal sessions of the meeting been reflected in the Chairman's text. He concluded by reiterating that South-South cooperation was a complement to, not a substitute for, North-South cooperation.

40. The Chairman thanked all the participants for their contribution to the success of the meeting, noting that the ideas and suggestions which had emerged served to enrich the debate on South-South cooperation. He expressed his thanks to the members of the Bureau, the Rapporteur, the Director of the Division for

Economic Cooperation among Developing Countries and Special Programmes (UNCTAD), the Director of the Special Unit for Technical Cooperation among Developing Countries, UNDP, and other members of the Secretariat.

41. The Chairman declared the meeting closed.

PART TWO

VI. CHAIRMAN'S SUMMARY AND CONCLUSIONS

42. South-South cooperation was a viable mode of international economic and technical cooperation. Substantial potential and scope for such cooperation existed. The resurgence of interest shown by developing countries in South-South cooperation through ECDC and TCDC in recent years had been characterized by an increase in an open and flexible framework for such cooperation. At the same time, the processes of globalization and liberalization have necessitated a re-examination of the format and scope of South-South cooperation.

43. In conceptualizing and operationalizing South-South cooperation, it was necessary to take selective, pragmatic, action-oriented and outward-looking approaches. In this context, increased attention should be given to subregional, regional and interregional cooperation which constituted essential components of South-South cooperation on a global scale.

44. While there remained many gaps between decisions and implementations as regards programmes and projects in the area of South-South cooperation, there were also notable instances of success. Political will, a flexible and gradual approach, a favourable economic environment, the involvement of the private sector and relevant sectors of civil society, appropriate institutional and physical infrastructure as well as creative networking were among the factors contributing to such success.

45. Many forms of South-South cooperation were identified. Bilateral technical assistance and economic cooperation were being provided by an increasing number of developing countries. In many cases, such assistance was underpinned by triangular cooperation involving developed countries and United Nations system agencies as well as other international organizations and institutions.

46. It was emphasized that South-South cooperation was a dynamic process which needed to be examined in the light of a new and emerging international environment. In this regard it was noted that South-South cooperation could facilitate the integration of developing countries into the world economy.

Regional economic cooperation and integration

47. Regional economic cooperation and integration was emerging as a central feature of the renewed interest in South-South cooperation. New economic cooperation arrangements were being concluded where none existed before and existing ones were being deepened, strengthened and extended both in terms of their geographical coverage and substance. Trade liberalization, monetary and

financial cooperation and cooperation in the development of infrastructure continued to be the main elements of economic cooperation schemes, but increasingly they were embracing other features such as the building of improved inter-State relations, conservation of the environment, and human resource development.

48. While the role of economic cooperation and integration in the development process was generally recognized and major efforts were being made to strengthen regional arrangements, many groupings still faced difficulties in achieving their objectives. In some cases there was a need for a better commitment to the implementation and enforcement of decisions. Among other constraints, groupings lacked the resources that they needed in order to function effectively. Moreover, greater efforts should be made to encourage popular participation in South-South processes, including involving the private sector, non-governmental organizations, trade unions and the mass media.

49. Regular contacts between regional groupings and between institutions of education and learning of developing countries would enrich the process. The strengthening of regional arrangements in a way that made them operationally useful to their member countries must be one of the major objectives of South-South cooperation. In this regard, a sound conceptual framework and the setting of realistic goals that were achievable within a reasonable time-frame were required.

Globalization and liberalization

50. Globalization and liberalization presented opportunities and challenges for South-South cooperation. The responses which a growing number of countries were making to these developments were bringing about a higher degree of convergence of macroeconomic policies in developing countries. There was a growing interest in both national and regional capital markets and the creation of the necessary market size for enhancing the viability of investments and mobilizing resources and encouraging linkages and cooperation between enterprises in different countries. Strengthened South-South cooperation at both the government and private sector levels would give added impetus to these developments and would maximize opportunities. A more intensive dialogue among developing countries on economic plans and prospects would enable countries to see more clearly how developments in one country could be linked to, and benefit from, developments in other countries.

Differences in development experiences in the context of globalization and liberalization

51. While differences in the level and structure of developing countries may entail a reduced scope for reciprocal arrangements, at the same time they opened up new possibilities and complementarities for more innovative forms of cooperation involving, for example, greater use of the TCDC modality and "triangular" forms of cooperation that could increase the accessibility of developing countries to the technical resources of other developing countries. At the same time, policies associated with globalization and liberalization limited the scope of individual developing countries in developing their nascent industries. Maintaining the momentum of the industrialization and

diversification processes could be addressed within the framework of regional and interregional cooperation.

Trade among developing countries

52. Inter-developing country trade had risen steadily since the mid-1980s with manufactures assuming increasing importance. This growth was mainly accounted for by the dynamic economies of East and South-East Asia and, in recent years, by the Common Market of the Southern Cone (MERCOSUR) countries. For these two groups the growth in trade was both among themselves and with the rest of the world.

53. Despite these advances, trade among developing countries generally remained small and well below its potential. Developing countries would have to absorb more of each other's exports if recent export growth trends were to be maintained, especially in manufactures and if an increasing number of developing countries were to emerge as exporters. Continuing protectionism in developed countries by way of non-tariff and other barriers made it an imperative for cooperation among developing countries in the area of trade.

54. South-South cooperation, within the framework of subregional, regional and interregional arrangements, could be an important strategy for expanding South-South trade. In this regard the potential of the Global System of Trade Preferences among Developing Countries (GSTP) should be optimized, through, inter alia, greater product coverage and improvements in the value of concessions. Improved use could be made of similar mechanisms at the regional and subregional levels. South-South cooperation could also be a useful strategy for enabling developing countries to acquire the competitiveness and marketing techniques required to export to international markets. Emphasis should be given to the development of concrete projects in the fields of agriculture, industry, and services, bearing in mind the need to encompass within this framework all stages of the production process.

Impact of Uruguay Round

55. Few developing countries have the managerial and technical capacities necessary to deal with the range of issues resulting from the Final Act of the Uruguay Round. Strengthening South-South cooperation could be an important way for developing countries to address these issues and thus fully benefit from the opportunities arising from the Uruguay Round and to participate more effectively in the work of the World Trade Organization.

Information, communication and technology

56. The lack of an effective information sharing mechanism had hampered the desire and efforts of most developing countries to cooperate substantially. The strengthening and utilization of an adequate information sharing mechanism was thus essential for the effective promotion of cooperation among developing countries. The maintenance and dissemination of common and useful information would contribute significantly to the development of South-South cooperation. New initiatives should be taken in order to actively promote coordination and cooperation among various development agencies in developing countries. The

establishment of information networking mechanisms and the promotion of joint training programmes would contribute considerably to the increased effectiveness of present development activities. In this regard, the use of international information systems in South-South cooperation activities, particularly TCDC Information Referral Service database, should be substantially enhanced.

57. Few developing countries have access to the new communication and information technology. Among the developments which were cited in this regard was the establishment of the South Investment Trade and Technology Data Exchange Centre (SITTDEC). In the light of this experience, renewed consideration needed to be given to ways and means of enhancing the effectiveness of such initiatives, including their promotion among developing countries. The pace of changes in the areas of communication and information technology had vital implications for the comparative advantage of developing countries. There was a vital need for developing countries to put in place human resource development programmes for the transfer of knowledge and skills in these new technologies so that the adoption and assimilation of such technologies could take place. Issues concerning science and technology, particularly the technology programme of the Caracas Programme of Action needed to be revisited as a South-South development priority.

58. South-South cooperation would be enhanced by better mutual knowledge within the South. Special efforts should be made to diffuse information on South-South cooperation activities to the broader public through the use of increasing outreach and the integration of the media.

Special needs of Africa, least developed countries and land-locked developing countries

59. There was a need to give special attention to Africa, least developed and land-locked developing countries, taking into account the critical economic crisis and difficult situation they were facing. In the framework of South-South cooperation, it was necessary to adopt concrete measures so that these countries were not further marginalized.

60. Further, African, least developed and land-locked developing countries should strengthen subregional, regional and interregional cooperation in order to benefit from the economies of scale and to attract more easily foreign direct investment from developed and other developing countries. More attention should be given to promoting triangular cooperation and TCDC as well as South-South joint ventures, as well as ECDC investment in those countries.

Special needs of small island States

61. Small island States faced specific problems in adjusting to the changing international economic environment which increased their vulnerability and exposure to external shocks. South-South cooperation activities could mitigate some of these negative effects. It would be necessary to take into account their size and small resource base when designing cooperation arrangements in which they could participate and fully benefit from.

Learning from experience at the subregional, regional and interregional levels

62. Learning from past experiences with South-South cooperation at subregional, regional and interregional levels could contribute to enhancing the effectiveness of such cooperation. Past experience pointed to the need for further streamlining, rationalization and simplification of existing machinery for South-South cooperation. Seminars and workshops should be organized to disseminate information regarding successful experiences in the field of ECDC and TCDC.

63. Successful schemes of cooperation have emphasized more focused initiatives involving groups of countries with common interests, with sufficient flexibility in the arrangements to enable other countries to join in such initiatives when they are able to do so.

64. There was a need for greater clarity in the formulation of South-South cooperation programmes which should be, inter alia, realistic and take into account levels of economic development, areas of common interest and the multifaceted nature of such cooperation.

65. Interaction and communication between and regional and subregional economic and integration groupings in the South should be promoted. Regular consultations should be organized both at the management and working levels involving participants from different groupings. Such consultations should take place at the subregional, regional and interregional levels on a rotating basis by different organizations involved in South-South cooperation.

66. Capacity in many types of resources including human capital and skills, training facilities, technical knowledge and technological capacity were available within the developing countries themselves. The cost-effectiveness of such resources provided a basis for utilizing those resources in the whole range of South-South cooperation.

Improving the machinery at the national, regional and international levels for South-South cooperation

67. There was a need to encourage the formulation of coherent policies on South-South cooperation at the national level where they did not exist, and to put in place an adequate capacity for coordinating, monitoring, following up, evaluating, and advising on South-South cooperation initiatives. Such a capacity was envisaged in earlier recommendations to establish focal points for ECDC and TCDC. The focal points should either be an important component of, or closely linked to, the national coordinating authorities for technical cooperation. In addition, there was a need to support national focal points for international cooperation.

68. At the regional level, relevant institutions and organizations should continue their important role of managing South-South cooperation and of identifying new common goals and interests and new activities for joint action. They could also play an important role in helping to bring about greater convergence in the macroeconomic policies of the member States as well as to reduce the transaction and information costs of South-South cooperation through

the coordination of the approaches in negotiations with third parties and, where necessary, through joint representation. Strategic alliances in business ventures and enterprise development could also be very effective in promoting South-South cooperation.

69. Relevant intergovernmental organizations as well as non-governmental organizations should be encouraged to promote common positions in relation to South-South cooperation in their respective programmes of technical cooperation in support of the development efforts of their member countries. To avoid duplication and to foster complementarities, these programmes should continue to be coordinated with those of the relevant organizations of the United Nations system.

70. There was a need for increased interaction among developing countries at the international level to identify the most fruitful areas for South-South cooperation, and to forge common positions in multilateral forums. In the case of the World Trade Organization and the issues arising from the Final Act of the Uruguay Round, this need was urgent and immediate.

71. Furthermore, there was a need to increase funding for the Perez Guerrero Trust Fund and to consider the proposal for the "South Bank".

Follow-up to United Nations conferences

72. South-South cooperation had so far emphasized mainly the ECDC/TCDC aspects but a series of global conferences that took place in the 1990s have adopted programmes of action containing far-reaching commitments, guidelines and action-oriented recommendations that have significantly expanded the scope for South-South cooperation. These conferences have explicitly identified South-South cooperation as an important modality for achievement of their objectives. South-South cooperation should also be fully reflected in the Agenda for Development.

Need for recognition of changing demands of South-South cooperation

73. There was a need to recognize the dynamic nature of South-South cooperation and of the specific needs of individual developing countries in that regard. This would help to impart a practical orientation to South-South cooperation to build upon the political solidarity among developing countries.

South-South cooperation must grow organically

74. Renewed efforts needed to be made to involve the enterprise sector as well as other relevant segments of the civil society more fully in South-South processes. Such involvement, where appropriate, could be at both the conceptual and operational stages and could include all categories of enterprises and business associations.

75. The establishment of the South Centre was a welcome development and its secretariat should be endowed with adequate human and financial resources. The Centre could act as a "think tank" and provide policy advice to promote South-South cooperation.

Donor support to South-South cooperation

76. South-South cooperation was primarily the responsibility of developing countries themselves, but the North has an important role to play in facilitating the process and could stand to gain from such cooperation, in particular by taking greater account of the South-South cooperation objectives of developing countries in their programmes of technical cooperation and by providing technical and financial support to such cooperation in both traditional and emerging areas.

77. The lack of financial resources had been one of the major obstacles to the development of South-South cooperation. Therefore, as a means of maximizing the potential for such cooperations, triangular funding arrangements buttressed by the active contribution of developed countries and relevant international organizations should be enhanced.

78. Special attention should be given to the promotion of agreements in the field of triangular cooperation through the identification of sources of funding, support to the formulation and negotiation of triangular projects and the convening of workshops to facilitate this process.

79. Multilateral financial institutions, including regional development banks, should intensify their efforts to finance South-South cooperation activities, projects and programmes, including those involving infrastructure, institutional and human resources development, and trade financing and facilitations.

United Nations system

80. Development was a principal objective of the United Nations. Support for South-South cooperation was an integral part of that objective. It should be adequately reflected in the Agenda for Development and should be fully taken into account in the structuring of the United Nations. The United Nations agencies dealing with development in general, and South-South cooperation in particular, should be provided with the necessary means to carry out their functions.

81. In this respect, links between TCDC of UNDP and ECDC of UNCTAD were an important step towards better coordination of activities in support of South-South cooperation. The recommendations of the ninth session of the High-level Committee on the Review of TCDC which endorsed New Directions for TCDC gave an added stimulus to TCDC activities.

82. To play their respective roles effectively, UNCTAD, which has special responsibility for ECDC, the Special Unit for TCDC in UNDP and the regional commissions needed to be provided with the requisite resources. South-South cooperation should be explicitly incorporated into the operational programmes of the other relevant United Nations agencies. There should be regular consultations among relevant United Nations agencies and departments on the most effective way to support South-South cooperation.

83. The following are some indicative areas in which the United Nations system could support South-South cooperation:

(a) The United Nations was an appropriate forum to provide a global framework in which South-South cooperation could be promoted;

(b) The United Nations could assist in harmonizing the views of developing countries at the conceptual level on specific issues pertaining to South-South cooperation;

(c) The relevant United Nations agencies could analyse, on a continuing basis, specific issues relating to South-South cooperation, including the examination of experiences related to such cooperation, and make appropriate recommendations. This could include, for example, analysing the successes of the newly industrialized economies and examining whether some of these experiences would be relevant to other developing countries, and identifying specific areas for South-South cooperation. South-South cooperation could also benefit from the experiences of other integration arrangements as well as those of economies in transition;

(d) United Nations agencies could also provide developing countries with technical and financial support in their South-South endeavours by providing, inter alia, greater access to databases containing information particularly on trade, economic capacities, and traditional and new technologies, and also by way of monitoring and evaluating developments in technology transfers to developing countries;

(e) The report of the Secretary-General of the United Nations entitled "State of South-South cooperation", if presented on a regular basis could become a valuable tool in support of South-South cooperation by providing an analysis and quantitative data;

(f) Upon request, the relevant United Nations agencies could also assist in the investment promotion efforts of developing countries.

Elements of successful South-South cooperation strategies

84. During the deliberations, the following factors, inter alia, were identified as contributing to the success of South-South cooperation. Helpful elements included:

- awareness of South-South cooperation and the benefits which could derive therefrom;

- full participation and sustained commitments on the part of all relevant actors, including the government, private sector and other relevant segments of the civil society;

- a policy framework providing incentives and opportunities for joint investments;

- coordination and harmonization of national economic policies of participating countries;

- convergence between national development strategies and South-South cooperation decisions;

- investment in human resources and rational use of the expertise and skills of the South;

- adequate physical and institutional infrastructure and an improvement in the use of the existing facilities;

- standardization of products, processes and techniques that facilitate trade and business transactions;

- a favourable macroeconomic policy environment;

- adoption of focused initiatives for regional and subregional groups with common interests, keeping in mind the need for careful selection of priority areas;

- realistic and achievable objectives and a flexible, outward-looking and gradual approach;

- access to and use of information, research and development and telecommunication facilities;

- strengthened collaboration among centres of excellence;

- regular dialogue and consultations with development partners on specific programmes and projects;

- close links between analytical and operational aspects of South-South cooperation so as to adapt continuously South-South cooperation policies and strategies to new realities;

- mobilization of domestic and external resources in support of South-South cooperation.

85. By the same token, the absence of the above-mentioned factors would adversely affect the formulation, promotion and implementation of South-South cooperation programmes and projects.

86. In view of the increased importance of South-South cooperation in the context of the changed structure of international relations, a number of experts supported the proposal for a United Nations conference on South-South cooperation. Some experts felt that the proposed conference should be preceded by an organizational meeting and two preparatory meetings. A suggestion was also made that the conference might be preceded by regional consultations in order to ensure its adequate preparation. It was recognized that the format and funding of the proposed conference would need to be decided by the General Assembly of the United Nations. Some experts expressed the view that the conference could be organized within a flexible time-frame. Some experts stated that the forum offered by the General Assembly should be fully utilized in the future considerations of this issue.

Action by the intergovernmental group meeting on South-South cooperation

87. In accordance with General Assembly resolution 49/96 which, inter alia, called for the convening of the intergovernmental meeting of experts to recommend ways for expanding South-South cooperation on a global scale, and which suggested practical modalities to be taken into account by the Secretary-General in preparing a report on the state of "South-South cooperation", the intergovernmental experts meeting agreed to submit its report to the Secretary-General of the United Nations for consideration and appropriate action.

88. In conducting its work, and in accordance with resolution 49/96, the Intergovernmental Meeting took note of the outcome of the third session of the UNCTAD Standing Committee on ECDC and the ninth session of the High-level Committee on the Review of TCDC.

Annex

List of documents before the Intergovernmental Meeting of Experts

Document No.	Title
A/AC.246/L.1	Provisional agenda with annotations
A/AC.246/1	Status of South-South cooperation and the emerging issues
A/AC.246/2	Expanding South-South cooperation: some suggested issues and modalities
A/50/39	Report of the High-level Committee on the Review of Technical Cooperation among Developing Countries on the work of its ninth session
TCDC/9/3	New directions for technical cooperation among developing countries
TD/B/42(1)/7 and TD/B/CN.3/16	Report of the United Nations Conference on Trade and Development Standing Committee on Economic Cooperation among Developing Countries on its third session

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